Boren Urges Independent Counsel in

Senate Intelligence Chairman Says New Information on Iraq Loans

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The chairman of the Senate intelligence committee said yesterday that new information turned up in the last two weeks about illicit loans to Iraq from the Atlanta branch of an Italian bank "compels" appointment of an independent counsel.

Sen. David L. Boren (D-Okla.) said the information includes two classified CIA reports dating back to 1989 and 1990 that "should have given rise to intensive questioning of Italian officials" about Rome's possible complicity in the politically sensitive bank scandal. CIA officials, Boren said, should have been tasked to collect more information about the multibillion-dollar fraud involving Italy's Banca Nazionale del Lavoro (BNL).

"None of this appears to have occurred," Boren said.

Attorney General William P. Barr on Aug. 10 rejected a request from House Democrats to seek an independent counsel to investigate whether U.S. officials had committed any crimes in the course of efforts before the Persian Gulf War to aid Iraq or in the controversial BNL investigation. But recent disclosures indicating that the nation's top law enforcement and intelligence agencies withheld information from each other and from prosecutors in the BNL case have put added pressure on the Bush administration and led to renewed calls by several lawmakers in addition to Boren for an independent investigation.

In August, Attorney General Barr rebuffed a request from House Democrats.

BNL's Atlanta branch was Iraq's principal source of credit in the United States between 1984 and 1989, a period when President Saddam Hussein's regime ran up huge debts in its long war with Iran. The U.S. investigation began with an FBI raid on BNL's Atlanta offices in August 1989.

Since then, federal prosecutors in Atlanta and Justice Department officials in Washington have been pursuing the theory that the scheme to funnel more than $4 billion in loans to Iraq was a "rogue operation" carried out by BNL-Atlanta's director without the knowledge of higher-ups in Rome.

But the federal judge presiding over the case in Atlanta has blasted the government's investigation for failing to pursue more aggressively the possibility that senior BNL officials in Rome knew of the Atlanta branch loans. Last week, the CIA admitted sending a misleading letter to prosecutors in Atlanta suggesting that the agency had only press reports about BNL-Rome's involvement in the scandal.

The CIA, Justice Department and FBI have launched internal investigations of their own conduct in the case. But Boren said in a telephone interview that this puts all three agencies in the position of investigating themselves.

In a formal statement, issued

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here and in Tulsa, he also pointed out that the FBI, "which is part of the Justice Department, received or was knowledgeable of nearly all of the key classified reports at the time they were originally issued."

In a companion five-page letter to Barr, Boren said an independent counsel should be chosen to look into both the government's investigation and prosecution of the BNL-Atlanta case and "the executive branch's provision of information on BNL to the United States Congress."

"Documents—including some extremely relevant documents—continue to trickle out of CIA," Boren said. "Some documents were given to the Senate intelligence committee which were apparently not given to the prosecutors or the judge. Others were given to the Justice Department, but were not provided to our committee until last week."

"We started investigating [the BNL matter] in June," Boren said in the interview. "The two more interesting reports were the last we got. We've seen that pattern before."

Boren said the two reports touched on the issue of how much BNL officials in Rome knew about the Atlanta loans. The first report, he said, was interesting because it was generated in September 1989, the month after the FBI raid. The second, he said, was dated in early 1990 and "had a stronger ring of credibility to it."

Boren also said he was troubled by the fact that last weekend's leak of a Justice Department investigation of FBI Director William S. Sessions came on the heels of a statement by Sessions that the FBI would conduct an independent inquiry into the flow of documents in the BNL case.

FBI spokesman John Collingwood said yesterday that "we see no connection there." He said "we are making very satisfactory progress" in the BNL inquiry "in conjunction with the Department of Justice. We couldn't do it without Justice."